

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**OCTOBER 1, 1999**

<b>IN RE:</b>	)	
	)	
<b>PETITION OF LORETTO TELEPHONE</b>	)	<b>DOCKET NO. 99-00337</b>
<b>COMPANY FOR APPROVAL OF AN</b>	)	
<b>INTRALATA TOLL DIALING PARITY PLAN</b>	)	

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**ORDER APPROVING INTRALATA TOLL DIALING PARITY  
IMPLEMENTATION PLAN**

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This matter came before the Tennessee Regulatory Authority (the "Authority") on June 22, 1999, at a regularly scheduled Authority Conference, to consider the Petition of Loretto Telephone Company ("Loretto") for approval of its IntraLATA Toll Dialing Parity Implementation Plan ("the Plan").

Section 251(b) of the Telecommunications Act of 1996 ("the Act") requires all Local Exchange Carriers to provide dialing parity.<sup>1</sup> Specifically, section 251 (b)(3) of the Act states, "Dialing Parity - The duty to provide dialing parity to competing providers of telephone exchange service and telephone toll service, and the duty to permit all such providers to have nondiscriminatory access to telephone numbers, operator services, directory assistance, and directory listing, with no unreasonable dialing delays." The Act further states in sections 251(f)(1) and 251(f)(2) that a rural telephone company may file with the state commission for exemption, suspension or modification of the dialing parity requirements.

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<sup>1</sup> Telecommunications Act of 1996, Pub. L. No. 104-104, (February 8, 1996), codified at 47 U.S.C. §§151 *et seq.*

**FILE**

The Federal Communications Commission ("FCC") initiated a rulemaking on dialing parity on April 19, 1996 and issued its findings in FCC 96-333 Order (Docket 96-98) adopted on August 8, 1996. This Order sets forth the criteria and guidelines for filing of a plan by all carriers. Subsequent to this Order the United States Court of Appeals for the Eighth Circuit vacated the FCC's rules, as they were applicable to intrastate services.<sup>2</sup> On January 25, 1999, the United States Supreme Court reversed certain portions of the Eighth Circuit's decision including that part of the decision which had stricken the FCC's rules pertaining to dialing parity.<sup>3</sup>

The FCC's original date for implementation, February 8, 1999, was reinstated by the Supreme Court's decision of January 25, 1999. As a result of this reinstatement, the FCC released FCC 99-54 Order (Docket 96-98) on March 23, 1999, which set forth revised implementation dates for dialing parity. This Order establishes April 22, 1999 as the new date by which all Local Exchange Carriers must file an IntraLATA Toll Dialing Parity Plan with State Commissions for approval. The Plan must be implemented within thirty (30) days after approval from the State Commission. Additionally, the Order states that the Plan must be filed with the Common Carrier Bureau of the FCC if the State Commission has not acted on the Plan by June 22, 1999.

Loretto is an incumbent local exchange carrier that provides telecommunications services in Tennessee. Pursuant to 47 C.F.R. § 51.213, Loretto is required to file a plan with the Authority that provides for intraLATA toll dialing parity throughout Loretto exchanges in Tennessee.<sup>4</sup> This plan must allow customers to pre-subscribe to different carriers for local service,

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<sup>2</sup> FCC v. Iowa Utils. Bd., United States Court of Appeals for the Eighth Circuit, July 18, 1997.

<sup>3</sup> AT&T v. Iowa Utils. Bd., 119 S.Ct. 721 (1999).

<sup>4</sup> Under 47 C.F.R. §51.213, the Federal Communication Commission requires that an IntraLATA toll dialing parity plan contain: (1) a proposal that explains how the local exchange carrier will offer intraLATA toll dialing parity for each exchange that such carrier operates in the state, in accordance with the provisions of this section, and a proposed time schedule for implementation; and (2) a proposal for timely notification to its subscribers and the methods it proposes to use to enable each subscriber to affirmatively select an intraLATA toll service provider. The state commission must approve any such plan prior to implementation.

intraLATA toll service and interLATA toll service.<sup>5</sup>

Loretto filed its IntraLATA Toll Dialing Parity Implementation Plan on May 6, 1999. The Plan was amended on May 19, 1999 and a cost recovery plan was submitted, as an addendum, on June 11, 1999. The amended Plan, containing Loretto's Petition for Approval, is attached hereto as Exhibit I and is fully incorporated herein by this reference.

The Directors considered Loretto's Plan at the June 22, 1999 Authority Conference and determined that the Plan, as amended, satisfies the requirements set forth by the FCC in Docket 96-98, FCC Order 96-333 and FCC Order 99-54 with two (2) exceptions.<sup>6</sup> First, the Plan as amended states that "customers will be assessed a cost based PIC change charge per LTC's tariff" for changing their intraLATA carrier. Second, Loretto included an addendum to its intraLATA toll dialing parity plan. This addendum includes a method to recover the incremental costs associated with toll dialing parity and a proposal to recover other costs (revenue loss) associated with toll dialing parity. Loretto proposes to recover these costs through a per minute additive on both originating and terminating switched access.

The Directors unanimously agreed that the proposed language regarding the charge for changing intraLATA carriers is unclear. For this reason, the record is clarified to state that Loretto is to charge only the NECA PIC change charge for a PIC change and no additional charges shall apply. Additionally, the FCC was very specific regarding the type of intraLATA toll dialing parity implementation costs that are eligible for recovery. Anticipated revenue loss is not one of those costs. Therefore, the Directors unanimously agreed that the addendum to Loretto's

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<sup>5</sup> Pre-subscription allows the customer to place a call without dialing an access code.

<sup>6</sup> FCC Order 96-333, released August 8, 1996, sets forth the requirements for implementation of IntraLATA Toll Dialing Parity. FCC Order 99-54, released March 23, 1999, extends to June 22, 1999 the deadline for state commissions to act on a LEC's IntraLATA Toll Dialing Parity Plan.

intraLATA Toll Dialing Parity Plan is denied. Further, Loretto provided no justification for recovering the incremental costs associated with intraLATA toll dialing parity on both originating and terminating access minutes. Therefore, consistent with previous rulings of this Authority, Loretto shall re-submit its cost recovery plan using only originating intrastate switched access minutes for recovery.

With the exception of the above discrepancies, the Directors determined that the remainder of Loretto's Plan, as amended, provides for a method that enables customers to select alternate providers of telephone toll service; a method which allows customers to choose different carriers for interLATA and intraLATA service; and customer notification/education procedures. Therefore, the Directors unanimously voted to approve the remaining portion of Loretto's Toll Dialing Parity Plan as amended.

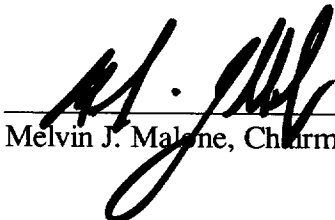
**IT IS THEREFORE ORDERED THAT:**

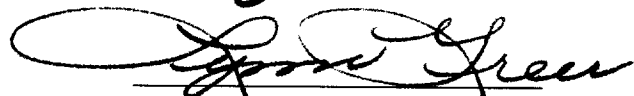
1. Loretto Telephone Company is to charge only the NECA PIC change charge for a PIC change and no additional charges shall apply;
2. The addendum to Loretto Telephone Company's intraLATA Toll Dialing Parity Plan is denied;
3. Loretto Telephone Company shall re-submit its cost recovery plan using only originating intrastate switched access minutes for recovery of the incremental costs associated with intraLATA toll dialing parity and shall file amended tariffs reflecting the resulting rate element;
4. The amended Plan of Loretto Telephone Company for IntraLATA Toll Dialing Parity Implementation, a copy of which is attached as Exhibit I, with the exception of the

proposed cost recovery method, is hereby approved and is incorporated in this Order as if fully rewritten herein;

5. Loretto Telephone Company shall comply with all applicable sections of FCC Order 96-333 upon implementing IntraLATA equal access; and

6. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order.

  
Melvin J. Malone, Chairman

  
H. Lynn Greer, Jr., Director

  
Sara Kyle, Director

ATTEST:

  
K. David Waddell, Executive Secretary

**Intralata Toll Dialing Parity  
Plan**

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REGULATORY AUTH.

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OFFICE OF THE  
EXECUTIVE SECRETARY

99-00337

**Loretto Telephone Company, Inc.**

April 22, 1999

## **I. Purpose**

Loretto Telephone Company, Inc. (LTC) has described herein the process for implementing Intralata Toll Dialing Parity in the LTC exchanges located in the state of Tennessee in LTC's LATA (Plan). The intent of this Plan is to provide a proposal that, upon implementation, would provide customers the ability to select the telecommunications carrier of their choice routing their intraLATA toll calls.

## **II. IntraLATA Environment**

LTC customers in Tennessee in the LTC LATA can currently dial eleven digits to complete intraLATA toll calls. The scheduled date for implementation of toll dialing parity should not change this dialing pattern. After upgrading switch technology and software configurations, eleven-digit dialed numbers that are intraLATA toll calls should be prefixed with the area code before being transmitted to the carrier.

## **III. Implementation Schedule**

LTC will offer dialing parity for intraLATA toll in all of its Tennessee exchanges on July 22, 1999. Attachment A is a specific listing of all exchanges on record for the state of Tennessee.

\* See Attachment "B" for timeline.

#### **IV. Carrier Selection Procedures**

LTC will implement the full 2-PIC (Primary Interexchange Carrier) carrier selection methodology. With the full 2-PIC methodology, customers will be able to presubscribe to one telecommunications carrier for interLATA toll calls and presubscribe to the same or a different participating telecommunications carrier, including their existing local exchange company (when it offers long distance service), for all intraLATA toll calls. Orders for changes will be accepted and processed beginning on the implementation date.

LTC employees who communicate with the public, accept customer orders, and serve in customer service will be trained to explain the process to customer's for making PIC changes for intralata toll calls. Business Office personnel will be prepared to make changes in customer records based upon requests from customer or carriers and direct customers to their chosen intraLATA carriers. Processes will be in place to provide new customers with an opportunity to choose their intraLATA toll carrier from a list of available carriers. A list of available carriers will be provided to existing customers, if they request.

##### *Existing Customers*

On the date in which intraLATA toll presubscription is implemented in Tennessee, customers may presubscribe to telecommunications carriers offering intraLATA toll service in their exchange. Customers will remain with BellSouth Telecommunications until they affirmatively choose an intraLATA toll carrier. Customers may make this selection through their own initiative or as a result of the promotional marketing activities of participating intraLATA toll telecommunications carriers. Customers may communicate their choice of carriers directly to LTC, as their local exchange service provider, through the local Business Office or indirectly through their selected carriers.

Customers will be assessed a cost-based PIC change charge per LTC's tariff for changing their intraLATA carrier. When customers request a change in their interLATA and intraLATA carrier during one contact with the Business Office and choose the same carrier for both jurisdictions only one charge will be assessed. When customers request a change in their interLATA and intraLATA carriers during one contact with the Business Office and choose different carriers for each jurisdiction, two charges will be assessed.

For a waiver period of 90 days from implementation, customers will not be assessed an intraLATA PIC change charge for their initial intraLATA toll carrier choice. During the 90-day waiver period, a charge of one-half of the interLATA PIC change charge will be assessed when the intraLATA and interLATA carriers are changed to the same carrier during one contact with the Business Office. Only the interLATA charge will be assessed when the intraLATA and interLATA carriers are changed to different carriers during one contact with the Business Office during the waiver period.



A charge will be established for "slamming" or unauthorized PIC changes submitted by carrier for end-user customers. LTC will be subject to the rules related to slamming as indicated in Tennessee Regulatory Authority Rule 1220-4-2-.56, Sections (2)-(6). [Section (1) defines the manner in which IXCs should confirm PIC change information prior to submitting the information to LECs. Because LTC is a LEC, the communication of information in the manner defined would not be applicable.

#### *New Installation Customers*

Customers who contact LTC requesting new telephone exchange service will be provided a list of telecommunications carriers available to provide interLATA toll service. Upon implementation of intraLATA toll presubscription, the customer will be provided a second list of carriers that provide intraLATA toll service in their exchange. The list of intraLATA toll carriers will be presented in a competitively neutral manner. Customers who do not make a positive choice for an intraLATA toll carrier will be identified within LTC's system as a "no-PIC" and will not be automatically defaulted to a carrier. Customers identified as "no-PIC" within LTC's systems will be required to dial 1010XXX to place intraLATA toll calls until they make an affirmative choice for an intraLATA toll carrier.

#### **V. Customer Education/Notification**

Customers will receive information explaining their opportunity to select an intraLATA carrier a minimum of 30 days in advance of the offering of intraLATA toll dialing parity via a bill message. In addition, during the 30 days following implementation of intraLATA Dialing Parity, customers will receive a bill insert also explaining their opportunity to select an intraLATA carrier. LTC anticipates that promotional strategies by carriers will contribute to customer awareness of intraLATA toll dialing parity. Customer telephone directories will be up-dated as new editions are published to reflect the opportunity for customers to choose an intraLATA toll carrier.

(See Attachment "C" for Sample Copy)

#### **VI. Carrier Notification**

Current interexchange carriers will be notified of LTC's intraLATA toll dialing parity implementation via letter approximately 90 days in advance of the proposed implementation date. Carriers should provide a list of exchanges in which they plan to offer intraLATA toll service at least 60 days in advance of LTC's implementation date. LTC needs notification in advance to include the carrier on the list of participating carriers in each LTC exchange. Certified carriers who enter the market after implementation will be added to the list of participating carriers within 30 days of notifying LTC.

LTC will provide subscriber listing information to carriers in "readily accessible" tape or electronic formats in a timely manner as requested through the processes that currently exist for the interLATA market. The process includes subscriber listing updates to carriers for new customers who choose that carrier or for existing customers of a carrier who revise their subscriber listing information. In addition, carriers can obtain complete subscriber listings in several formats. The provision of this information is in compliance with FCC Order No. 96-333, Paragraph 389.

## **VII. Access to Operator Services and Directory Assistance**

Access to Operator Services and Directory Assistance will continue to be available through the customer's local exchange carrier or interLATA carrier. No industry standard has been established for access to Operator Services and Directory Assistance unique to the intraLATA carrier. For Operator Services, customers dial "0" to reach their local exchange operator and "00" to reach their interLATA operator. For Directory Assistance, customers dial "1-411" in LTC's territory for accessing the local exchange Directory Assistance and customers dial "1-NPA-555-1212" for accessing their interLATA carrier's Directory Assistance.

The local and interLATA Operator Services and Directory Assistance may be branded by the local and interLATA carriers, as appropriate, based on the dialing pattern of the end user. Since no unique intraLATA dialing pattern currently exists in the industry, LTC is not capable of identifying intraLATA calls to LTC's local or the IXC's interLATA operators or directory assistance representatives. As such, this procedure is considered in compliance with FCC Order No. 96-333, Rule 51-217(d).

## **VIII. Cost Recovery**

Loretto Telephone Company will file for approval with the TRA, an Equal Access Impact Recovery Plan that will be developed and implemented in coordination with IntraLATA Pre-subscription by June 11, 1999.

## **IX. Rights Under S251(f)(2) of the Telecommunications Act of 1996**

The filing of this plan does not preclude Loretto Telephone Company Inc. from exercising any of its rights to Suspension or Modification under S251(f)(2) of The Telecommunications Act of 1996.

## **X. Compliance With Rules.**

Loretto Telephone Company, Inc. will comply with all rules of the FCC and the TRA.

## **Attachment A**

### **Loretto Telephone Company, Inc. IntraLATA Toll Dialing Parity Exchanges**

Ethridge	931.829.xxxx
Five Points	931.556.xxxx
Leoma	931.852.xxxx
Loretto	931.853.xxxx
St. Joseph	931.845.xxxx

Attachment "B"

**SCHEDULE OF IMPLEMENTATION OF  
INTRALATA DIALING PARITY  
FOR LORETTO TELEPHONE CO. INC.**

<u>DATE</u>	<u>EVENT</u>
<u>APRIL 22, 1999</u>	<u>FILE PLAN WITH TRA</u>
<u>MAY 1, 1999</u>	<u>SEND 1ST BILLING INSERT TO CUSTOMERS</u>
<u>MAY 1, 1999</u>	<u>SEND LETTER OF INTENT FOR IXC' S</u>
<u>JUNE 22, 1999</u>	<u>PRINT BILL MESSAGE REGARDING DIALING</u>
	<u>PARITY PLAN.</u>
<u>JULY 22, 1999</u>	<u>IMPLEMENT DIALING -PARITY IN ALL</u>
	<u>EXCHANGES</u>
<u>JULY 22 THRU OCT. 21, 1999</u>	<u>WAIVE SERVICE ORDER FEES,</u>
	<u>INTRALATA , PIC CHANGES, PER DIALING</u>
	<u>PARITY PLAN.</u>
<u>DECEMBER, 1999</u>	<u>FILE TRUE-UP TO RATE FOR COST OF SERVICE</u>
	<u>ORDER ACTIVITY FEE WAIVERS..</u>

ATTACHMENT "C"

**ATTENTION CUSTOMERS  
PLEASE READ THIS IMPORTANT INFORMATION ABOUT YOUR  
LONG DISTANCE SERVICE**

Currently, local toll calls dialed as "1+ten digit" calls (also called intraLATA calls) are handled exclusively by BellSouth Telecommunications and billed by Loretto Telephone Company. Please refer to the information page 9 , ( the map titled Tennessee LATA's) in your Loretto directory under "Long Distance Dialing " for a description of your local toll calling area. Soon you will be able to choose your long distance provider of 1+ local toll service. We have selected July 22, 1999 as the implementation date. This change allows you to select your long distance carrier for local toll calls (IntraLATA), just like you currently do for all other long distance toll calls (InterLATA/ Interstate).

If you would like to select a different carrier for your "1+" local toll service you can place your order on or after July 22, 1999, by calling our commercial office at 853-4351. If you do not make a selection, BellSouth Telecommunications will continue to be your designated carrier for local long distance calling. If you want more information about your options, you can call Loretto Telephone Co. or contact your preferred long distance carrier directly.